

## Article - Education

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§19–103.

(a) (1) A system may provide, by resolution, from time to time, for the issuance, in series, of its bonds for the purpose of:

(i) Financing or refinancing all or any part of the costs of any 1 or more projects of a system, including any project previously financed by a system or any predecessor; or

(ii) Acquiring any auxiliary facility or academic facility previously financed through a capital lease with a system or any predecessor.

(2) The principal of the premium, if any, and interest on bonds for the auxiliary and academic facilities shall be payable solely from: The auxiliary facilities fees of a system; the academic fees of a system; a State appropriation expressly authorized for that purpose; or the revenues from contracts, grants, or gifts received or to be received by a system. A system shall maintain separate accounts to identify the sources of payment of the bonds for the auxiliary facilities and for the academic facilities.

(3) Any resolution shall describe the auxiliary and academic facility or facilities to be financed or refinanced by the bonds, the maximum principal amount of the bonds, the sources of payment of the bonds for any auxiliary facilities, and the sources of payment of the bonds for any academic facilities.

(4) The resolution may also prescribe the other matters required or permitted to be determined by a system under this title or may provide that such matters may be prescribed in a trust agreement relating to the bonds that has been approved by such members of the Board as the resolution may prescribe.

(b) (1) The bonds of each issue shall be dated, shall bear interest at such rate or rates, and interest may be calculated in accordance with any method, as may be determined by a system.

(2) (i) The bonds of each issue for any auxiliary facilities shall mature at such time or times not exceeding the useful life of the project for which the bonds are issued, but in no event exceeding 33 years from their date or dates of issue, as may be determined by a system.

(ii) The bonds of each issue for any academic facilities shall mature at such times, not exceeding the useful life of the project, but not later than 21 years after their respective dates of issue, as may be determined by a system.

(3) The bonds of each issue may be made redeemable before maturity at such price or prices and under such terms and conditions or in accordance with such method, as may be fixed by a system prior to the issuance of the bonds.

(4) A system shall determine the form of the bonds, including any interest coupons to be attached thereto, and shall fix the denomination or denominations of the bonds and the place or places of payment of principal and interest which may be at any bank or trust company within or without the State.

(c) The bonds shall bear the manual or facsimile signature of the chairman or one of the other members of the Board. The official seal of a system or a facsimile thereof shall be affixed to the bonds, attested by the manual or facsimile signature of the secretary or any assistant secretary of the Board. In case any officer whose manual or facsimile signature appears on any bonds or coupons ceases to be an officer before the delivery of the bonds, the signature or facsimile thereof is valid and sufficient for all purposes as if the officer had remained in office until delivery.

(d) All bonds issued under the provisions of this title shall have all the qualities and incidents of negotiable instruments under the laws of the State relating to negotiable instruments. The bonds may be issued in coupon, registered, or book entry form or any combination thereof. A system may sell bonds at a public or private (negotiated) sale for any price.

(e) (1) The proceeds of the bonds of each issue shall be used:

(i) For the payment of the financing or refinancing of or reimbursement to a system of the costs of any project for which the bonds are issued;

(ii) For the acquisition of any auxiliary facility or academic facility previously financed through a capital lease with a system or any predecessor;  
or

(iii) For any combination thereof.

(2) The proceeds of the bonds of each issue shall be disbursed under the terms and conditions of the resolution or trust agreement relating to such bonds. The resolution or trust agreement may provide for the issuance of additional bonds to finance or refinance any auxiliary facility or any academic facility that was authorized under the requirements of this title. Unless otherwise provided in the resolution authorizing the issuance of the bonds or in the trust agreement securing

them, the additional bonds shall be deemed to be of the same issue and shall be entitled to payment from the same sources without preference or priority of the bonds first issued.

(f) Prior to the preparation of definitive bonds, a system, under like restrictions, may issue interim receipts or temporary bonds, with or without coupons, exchangeable for definitive bonds when the bonds are executed and available for delivery. The resolution or trust agreement may provide for the replacement of any bonds mutilated, destroyed, or lost.

(g) Bonds may be issued under the provisions of this title without obtaining the consent of any department, division, commission, board, bureau, or agency of the State, and without any other proceedings or the happening of any other conditions or things than those proceedings, conditions, or things which are required specifically by provisions of this title. The provisions of Title 8, Subtitle 2 of the State Finance and Procurement Article do not apply to bonds issued under the provisions of this title.

(h) Any bonds issued under the authority of this title do not create or constitute any indebtedness or obligation of the State or of any political subdivision thereof except a system, and the bonds shall so state on their face. The bonds do not constitute a debt or obligation contracted by the General Assembly or pledge the faith and credit of the State within the meaning of Article III, § 34 of the Maryland Constitution.

(i) (1) Under the resolution or trust agreement, a system may pledge to the payment of the principal of and premium, if any, and interest on the bonds:

(i) All or any part of a system's auxiliary facilities fees and academic fees;

(ii) The proceeds of the bonds and investment earnings thereon; and

(iii) Reserves or other funds established for the bonds under the resolution or trust agreement or other money which may lawfully be applied to the payment of the bonds.

(2) Prior to and during construction and for 1 year after completion of construction of any auxiliary or academic facilities for which bonds have been issued, the interest on the bonds may be paid out of the proceeds of the bonds or out of other money allocated for that purpose.

(j) (1) A system may provide, from time to time, for the issuance and sale of its bond anticipation notes in accordance with the procedures set forth in this title for the issuance of bonds. The principal of and premium, if any, and interest on the notes shall be payable out of the first proceeds of sale of any series of bonds issued under the provisions of this title or any other sources from which bonds issued hereunder could be paid.

(2) Bond anticipation notes may be issued in series as funds are required and may be renewed or extended at maturity with or without resale. All such notes shall be sold and executed in the same manner as provided for bonds issued pursuant to this title.

(3) Except where the provisions of this title would be inapplicable to bond anticipation notes, the term “bonds” used in this title shall include bond anticipation notes, including (without in any way limiting the foregoing) the provisions pertaining to the exemption from taxation by the State and its political subdivisions.

(k) In connection with the issuance of any bonds, after consultation with the Treasurer a system may obtain, or enter into such agreements and contracts for, bond insurance, reserve fund insurance, a letter of credit, a line of credit, or any form of additional, substitute or replacement security for any bonds and a system may pledge or assign all or any part of its auxiliary facilities fees and academic fees to the repayment or reimbursement of the provider of such bond insurance, reserve fund insurance, letter of credit, line of credit, or other form of additional, substitute, or replacement security. Any such agreements and contracts may contain such covenants, terms, and conditions as may be contained in any trust agreement for any bonds.

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